

Message Text

PAGE 01 TEGUCI 03153 231429Z

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ACTION AGR-10

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 0692

AMEMBASSY GUATEMALA

UNCLAS TEGUCIGALPA 3153

GUAT FOR AGATT

E.O. 11652: N/A

TAGS: EAGR, HO

SUBJ: AGR. POSSIBLE SEVERE EFFECTS OF HONDURAN DROUGHT, POTENTIAL
PL 480 REQUEST

REF: 1) BNF LTR DATED JULY 16, 1975 POUCHED TO ARA/CEN JULY 18,
2) COCO STUDY DATED JULY 18, 1975 POUCHED TO ARA/CEN, JULY 23.

SUMMARY:

1. BANCO NACIONAL DE FOMENTO (BNF) STUDIES PROVIDE DARK VIEW OF
HONDURAN CORN PRODUCTION. ADDITIONAL STUDIES BY COMITE
COORDINADOR DEL SECTOR AGRICOLA (COCO) PROJECT SERIOUS SHORTFALL
THROUGH AUGUST 1976. RECOMMENDATIONS FOR PROMOTION OF AN
INTERMEDIATE CROP. THESE DEVELOPMENTS MAY LEAD TO HONDURAN
REQUESTS FOR PL 480 LOANS. END SUMMARY

2. LOW CORN STOCKS FROM PREVIOUS SEASON FORCED RECENT PURCHASE
OF 10,000 TONS TO MEET INTERNAL CONSUMPTION NEEDS THROUGH
AUGUST 1975.

3. FAILED PLANTINGS, LACK OF PLANTINGS, AND WOEFULLY SHORT
PRODUCTION IN PRESENT SEASON (PRIMERA) MAY FORCE PURCHASES
OF NEAR 120,000 METRIC TONS TO MEET NEEDS THROUGH AUGUST
1976, ACCORDING TO COCO.
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PAGE 02 TEGUCI 03153 231429Z

4. ACCORDING TO BNFDROUGHT CONDITIONS HAVE DRASTICALLY
AFFECTED FOUR/FIFTHS OF ACREAGE NORMALLY DUE FOR AUGUST
HARVEST WHICH PROVIDES 80 PERCENT OF 400,000 METRIC TONS
ANNUAL CONSUMPTION. THE BALANCE OF 20 PERCENT IS NORMALLY

OBTAINED FROM THE SECOND CROP (POSTRERAS). THE COCO ESTIMATE OF A 120,000 METRIC TONS SHORTFALL IS BASED UPON A PROGRAM OF REPLANTING OF THE PRIMERA IN AUGUST-SEPTEMBER IN HOPES THAT RAINFALL PATTERNS WILL NORMALIZE. THE POSTRERA CROP (PLANTED NOVEMBER, IN MANY AREAS) IS NORMALLY LIMITED BY LATE SEASON DRYNESS. A REPLANT OF THE PRIMERA AT THE END OF THE NORMALLY DRY JULY-AUGUST MONTHS COULD HAVE A FULL GROWTH IF RAIN RESUMED NORMAL PATTERNS.

5. A FAILURE OF THE REPLANT COULD RESULT IN AT LEAST A DOUBLING OF ESTIMATED CORN IMPORTS NEEDED BEFORE AUGUST 1976 TO 240,000 METRIC TONS, ALTHOUGH A HEAVIER PLANTING OF THE POSTRERA COULD BE ATTEMPTED.

6. AN EMERGENCY PLAN IS BEING SUGGESTED BY COCO TO ENCOURAGE REPLANTING BY AN INCREASE IN THE BNF GUARANTEED PRICE FOR CORN, PROVISION OF PLANTING CREDITS (\$2.5 MILLION), MEASURES TO AVOID BOARDING, AND RURAL IRRIGATION AND FLOOD CONTROL PROJECTS TO REDUCE FARM UNEMPLOYMENT.

7. THE DEPARTMENTS OF STATE AND AGRICULTURE MAY WISH TO CONSIDER THESE DEVELOPMENTS IN CONTEXT OF POTENTIAL PL 480 SALES TO HONDURAS. A HONDURAN REQUEST CAN BE EXPECTED.
SANCHEZ

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